



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

8 APR 1998

In reply refer to:
I-64488/98

MEMORANDUM FOR OFFICE OF THE DEPUTY UNDER SECRETARY OF THE
ARMY (INTERNATIONAL AFFAIRS)
ATTN: SAUS-IA-DSZ
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS
OFFICE
DEPARTMENT OF THE NAVY

DEPUTY UNDER SECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE,
DEFENSE FINANCE AND ACCOUNTING SERVICE -
DENVER CENTER

SUBJECT: Recovery of Costs to Repair or Replace Damaged or Lost Leased Items


REFERENCE: DSAA Memorandum I-52351/97, 24 Sep 97, same subject

The referenced memorandum provided new policy on recovering costs to repair or replace damaged or lost leased items. These costs are now recouped through the lease itself rather than through a separate Foreign Military Sales (FMS) case. The guidance allowed for the military departs to obtain reimbursements either through the use of SF 1080 billings or delivery reporting against the actual lease designator to DFAS-DE. The following additional guidance is provided.

a. When costs will be delivery reported to DFAS-DE against the lease designator, a pseudo-line must be established. Line 001 of the lease will be the actual rental costs or original value of the lease. DFAS-DE will be responsible for all delivery reporting against this line. Line 002, the pseudo-line, will be established to recover the repair or replacement costs. The military department will be responsible for delivery reporting against this line. Using two separate and distinct lines will allow the lease and the repair costs to be clearly distinguishable. DFAS-DE will use both lines in determining total ordered costs and delivered costs when the lease is closed.

b. The SF 1080 billing process is permitted if Service data systems are unable to process delivery reporting against the lease designator. It may also be used for leases to the United Nations. When this process is used, pseudo-line 002 will still be created, but transactions against this line will be entered by DFAS-DE.

These procedures apply to all existing and future leases. If you have questions regarding this policy, please contact Beth Baker, DSAA/COMPT-FM, DSN 664-6562.


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Comptroller